CANADEXPORT

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Mega opportunities in Middle East and North Africa

Canadian companies are sharing in a wide range of ambitious infrastructure, technology and construction projects throughout the Middle East and North Africa.

But what matters most, say Canadian companies doing business there, is people.

There's no denying the eye-popping size of investments—many with Canadian involvement. In Libya, work is well underway on a $27-billion pipeline that will carry water 4,000 kilometres from fossil reserves in the south to populated cities on the northern Mediterranean coast. In the United Arab Emirates, Dubai's 500-acre "health-care city" blends high-quality medical care with residential housing and shopping.

Canadian companies are active players in this region of 20 countries, which boasts centuries-old cultures and escalating resource wealth to carry out supersize ambitions for economic diversification and social improvement. In the Arabian Peninsula, Canadian exports of goods climbed 42% between 1998 and 2004 to a total of $1.3 billion, with exports of services and know-how adding up to a similar amount.

Canadian small and medium-sized firms and big corporations alike are cracking a wide range of markets from the Persian Gulf and the Levant to the Maghreb countries of North Africa.

In Libya, for example, the Great Man-made River Authority turned to Canadian entrepreneurs for technology to spot flaws in pre-stressed concrete water pipelines.

In 2000, after early success in the U.S. market, Ontario-based Pressure Pipe Inspection Company caught the attention of the Libyan pipeline's project managers, who were plagued during the project's early phase by costly cracks and breaks in the underground line. "When we came in with solid technology that worked, we amassed a

see page 3 - Trusted relationships

It's no mirage: SNC-Lavalin dug 700-metre-deep wells in the Saharan desert to tap Libya's aquifers. Opportunities abound for other Canadian firms.

International Trade Canada | Commerce international Canada

Canada

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Canadian vintners win big in wine country

Canadian winemakers took top prizes at an international wine competition in Italy recently, which should be encouraging to vintners across the country.

In the best results for Canada, wines from the Niagara Peninsula and the Okanagan Valley won four of the most coveted Grand Gold Medals. Canada was also awarded a gold, silver and bronze medal and 20 Grand Mentions.

Vinitaly, held in the biggest wine-producing country in the world, is considered by winemakers to be the most important event of the year. Some 3,500 wines from 30 countries were featured in this edition of the international wine competition.

The Special Vinitaly 2006 Prize, the second-highest prize awarded to winemakers, went to Jackson-Triggs Vintners' Okanagan Estate. The company received two of the Grand Gold Medals for its 2003 Sun Rock Vineyard Syrah and its 2002 Cabernet Sauvignon Grand Reserve.

The other two Grand Gold Medals went to the Pillitteri Estate Winery of Niagara on the Lake for its 2004 Vidal Icewine and Vidal Sparkling Icewine. Magnotta Winery Corporation of Vaughan, Ontario, also took home a gold medal thanks to its 2003 Riesling Icewine.

Canadian Ambassador to Italy Robert Fowler and Consul General for Milan Margaret Huber were on hand to congratulate the Canadian companies attending this event.

For more information, contact PierPaolo Chicco, Canadian Consulate General in Milan, tel.: (011-39-02) 67-58-34-53, email: ital-td@international.gc.ca.

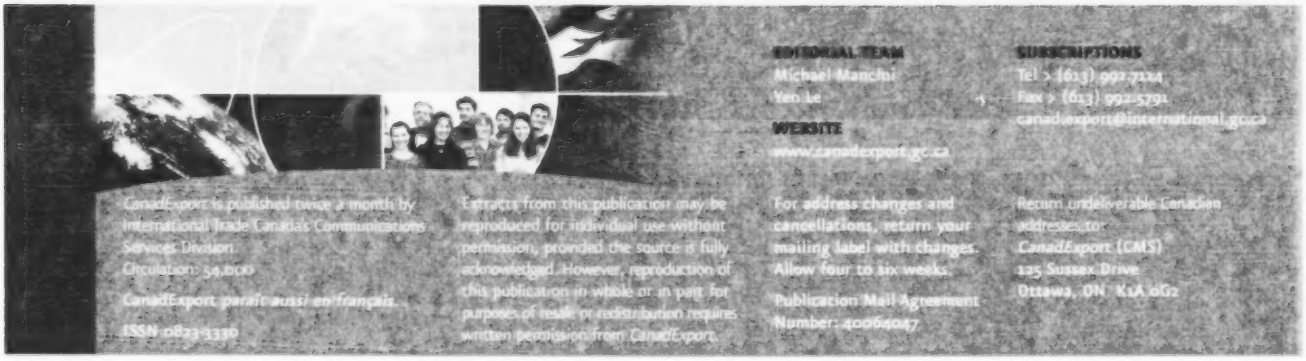
Erratum

Issue: March 15, 2006

Article: *The Controlled Goods Directorate: Strengthening Canada's defence trade controls* (Page 3)

In the first line of the article two numbers were reversed, incorrectly suggesting that Canada had a trade deficit with the United States in 2003. The line should read:

"In 2003, Canada imported an estimated $282 billion worth of goods and services from the U.S. and exported an estimated $366 billion to the U.S."



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Trusted relationships make things happen, say Canadian contractors - from page 1

pretty good reputation quickly," recalls company president Brian Mergelas.

On a larger scale, Canadian engineering and construction giant SNC-Lavalin was hired to dig 700-metre-deep wells below the Saharan desert to tap Libya's aquifers for the water pipeline. Since then, the Montreal company has steadily landed bigger contracts for the project.

"You do one project, then you do another, and the fact you are there gives you an advantage," explains Sami Bébawi, Executive Vice-President of SNC-Lavalin. Bébawi says that local partners are key allies for Canadians to understand conditions on the ground. He notes there is no substitute for earning a client's trust over time through face-to-face dealings and informal social networks.

Easy pickings?

But Bébawi, who came to Canada 33 years ago from Egypt and speaks a number of languages including Arabic, English, French and Spanish, warns that the dazzling size and pace of regional mega-projects—from gas expansion in Algeria to urban renewal in Kuwait and giant entertainment complexes in Dubai—might give a false impression of easy pickings.

"There is a lot of money and a lot of projects but the competition is fierce," says Bébawi, whose company first came to the region in the 1970s and now has five permanent offices there. "Don't think this is a big and easy catch."

Those who succeed in the region underscore the power of personal relationships. "Decisions are often made by very few people, so if you have a trusted-advisor-relationship with the decision makers, things can move quickly," observes Jim Metcalfe, President and CEO of Cansult Ltd. The Markham, Ontario, engineering and project management firm carries out 75% of its total business in the Arab world and has four permanent offices in the United Arab Emirates and Qatar.

"Developing these relationships across different cultures and crossing the language barriers can take time but, once established, they are very lasting and powerful," observes Metcalfe, a 32-year veteran of the region who now lives in Abu Dhabi. For Canadian firms doing work in the region, business relationships can begin in unconventional ways. In 2001, Ocean Nutrition Canada of Halifax met Noritech Seaweed Biotechnologies Ltd., of Haifa, Israel through a corporate matchmaker, the Canada-Israel Industrial Research and Development Foundation. Set up in 1994 with seed money from the two countries, the foundation matches companies to work together on new ventures with commercial promise. For example, Ocean Nutrition has expertise in the supplement and food market while Noritech knows how to grow nori seaweed under controlled conditions. Their shared expertise may lead to commercial production of new seaweed-rich health-food products.

"There is a lot of money and a lot of projects, but the competition is fierce," says Sami Bébawi, Executive Vice-President, SNC-Lavalin.

Invest in people

"The matchmaking component is the key to the success of it," says Colin Barrow, Vice-President of Research and Development for Ocean Nutrition. The export-dependent company had no previous ties to Israel's active, well-financed bio-technology sector, but through Noritech it has met other Israeli investors keen to tap the growing global market for health food.

No matter how—or where—the opportunities come, veteran Canadian companies offer the same advice to newcomers dazzled by the prospect of mega-dollars in the region: invest in people and relationships. "You start small and deliver, you live up to expectations and slowly, slowly, they will come to respect you tremendously," says Bébawi of SNC-Lavalin.

Like others, he sees a bright future for Canada in a fast-modernizing region. "The opportunities are amazing," he says. "It is up to Canadians to decide how much we want our share to be."

Virtual Trade Commissioner

Access a World of Trade Knowledge

Canadian Heritage and the Virtual Trade Commissioner: Bringing Canada's cultural exports to the world

In partnering with the Virtual Trade Commissioner (VTC), the Department of Canadian Heritage (PCH) now offers small and medium-sized enterprises online access to arts and cultural export development services offered by its Trades Routes program.

Canadian Heritage, via Trade Routes, is focused on actively supporting exports of Canadian cultural products and services and increasing the number of Canadian cultural exporters.

Trade Routes helps Canadian small and medium-sized enterprises to strategically increase export capacity and sell internationally. The program offers market entry support, in-market assistance, financial assistance (through a contributions program) and market intelligence (through a research program). Support is available across all cultural sectors: film, television, new media, publishing, sound recording, performing arts, design, visual arts, crafts and heritage.

Global success: It's about who you know

Through the VTC, you can connect with PCH/Trade Routes officers serving the cultural industries from International Trade Canada's regional offices across the country, and from Canada's missions abroad.

PCH/Trade Routes officers across Canada offer sector-specific market entry support directly to arts and cultural entrepreneurs who are ready to export or want to build on existing international business. Through consultations, these officers provide export counselling and skills development. They work with organizations to forge productive alliances with key cultural network partners. For example, the officer in St. John's brought international buyers and presenters to Contact East, Atlantic Canada's performing arts showcase and conference, resulting in on-the-spot bookings and plans for attendance at future events.

PCH/Trade Routes officers at missions abroad provide in-market assistance to arts and cultural enterprises interested in exporting to specific markets. These officers conduct outreach programs and connect with potential partners for Canada's arts and cultural sectors. They also work with local partners seeking Canadian contacts.

The officer in Paris, for example, arranged for the General Commissioner of ARTéNÎM—one of the Mediterranean's largest art trade shows—to visit the Association des galleries d'art contemporain's spring trade show in Montreal. The result? In a first, 10 Canadian galleries were invited to ARTéNÎM.

Whether in Canada or abroad, PCH/Trade Routes officers are well-versed in arts and cultural exports and know how to successfully promote Canadian content within those markets.

Connect to financial assistance through the VTC

You can also access information on the Trade Routes Contributions Program through the VTC. The Contributions Program offers financial assistance to help arts and cultural organizations become more export-ready and build their capacity for successful international sales. Through the Contributions Program, you can access strategic support for key trade shows and events, innovative in-market tools, trade and buyers missions, new markets visits and networking opportunities.

Growing your global advantage

The VTC now provides access to more of Canada's international trade experts than ever before, facilitated by a growing number of partnerships with government departments and trade promotion organizations: Agriculture and Agri-Food Canada, Export Development Canada, the Canadian Commercial Corporation, International Trade Canada and PCH. Your personal Virtual Trade Commissioner is a sophisticated and increasingly valuable trade service and informational online tool. The more often you use it, the more you leverage your global advantage.

Find out more at:

www.infoexport.gc.ca

Food and beverage firms cook up business at diversity event

A number of U.S. *Fortune 500* companies have integrated Supplier Diversity into their operations, increasing opportunities for Canadian firms owned by women and visible minorities to break into the U.S. market.

Supplier Diversity provides economic opportunities to North American businesses that are owned by visible minorities and women. Companies are certified for eligibility in the program by the National Minority Business Supplier Development Council (NMBSDC) and in Canada by its newly established sister organization, the Canadian Aboriginal and Minority Supplier Council (CAMSC).

Food vendors, for example, participating in such programs in the U.S. often enjoy a reduction or elimination of slotting fees, facilitated entry to participating supermarkets, and assistance in securing a distributor.

With this in mind, the Government of Canada and the City of Toronto partnered last month on the first trade event in Canada to bring food and beverage products from minority- and women-owned companies to the attention of "diversity buyers" representing two supermarket chains in the U.S.

Presentations to participating companies by the CAMSC and the Food Marketing Institute (FMI) emphasised the growing visibility of the program in Canada, and its importance to the U.S. retail industry.

The Toronto showcase was attended by the Washington D.C.-based director of supplier diversity for FMI and by two buyers from Safeway and Ahold USA, two of the largest supermarket chains in the U.S. Between them, the buyers are responsible for the purchase of all diversity products for the chains' 3,000 stores nationwide.

After this event, Ahold's diversity buyer provided the Canadian Consulate General in Philadelphia with a list of 50 products the chain would like to have co-packed for private label, preferably by minority- and women-owned businesses in Canada.

The two-day promotion included visits for the U.S. participants to a variety of Toronto-area food retailers, where buyers were able to see on store shelves many of the products they would view the following day from the participating companies.

In addition to the product display, the 25 companies obtained excellent information from their scheduled one-on-one meetings with U.S. buyers, whose on site assistance and referrals to other Safeway and Ahold category buyers were extremely helpful to them. As a result, companies anticipate projected sales of some $6.6 million to the two chains over the next 12 months. All Canadian participants expressed strong interest in participating in future promotions with U.S. food retailers that have adopted Supplier Diversity.

Opportunities are growing for "diversity suppliers" in the U.S.

For more information, contact Cynthia Stevenson, Canadian Embassy in Washington D.C., email: cynthia.stevenson@international.gc.ca.

Brunei Darussalam goes beyond oil and gas

Brunei Darussalam, an oil-rich sultanate with a population of 370,000, is the third-largest oil producer in Southeast Asia and the fourth-largest liquified natural gas producer in the world. The oil and gas industry has been Brunei's main source of revenue since the discovery of these natural resources in 1929, and they account for more than 40% of the country's gross domestic product (GDP). However, Brunei has been looking to diversify beyond the oil and gas industry into making the country a viable investment destination.

Market overview

In addition to its political and economic stability, the literacy rate is about 92% and the standard of living is among the highest in the region.

Brunei's strategic location in the South China Sea, combined with its favourable investment and taxation environment, offers ideal conditions for businesses who want to invest there.

To attract investment, the Brunei International Financial Offshore Centre was established in 2000 and the Royal Bank of Canada was the first offshore bank to set up there, with six other offshore banks following suit soon thereafter. Other industries that contribute toward the nation's revenues after oil and gas include textile manufacturing and seafood processing.

The Brunei Economic Development Board (BEDB), a state-owned statutory body, was reestablished in 2001. Its main objectives include stimulating economic growth and attracting foreign direct investment into the country by capitalizing on Brunei's energy resources.

The BEDB kick-started the process by unveiling a two-pronged strategy that is expected to attract $5.3 billion in new investments and create some 6,000 permanent jobs by 2008. The first strategy is to develop the Sungai Liang area into a world-class industrial site for petrochemicals and manufacturing industries; the second strategy is to develop the Pulau Muara Besar into a globally competitive deep-sea port for container handling to address the increasingly sophisticated demands of the shipping industry.

An ammonia/urea plant will be set up to produce 2,000 tonnes of ammonia and 3,500 tonnes of urea per day. Also, there are plans for the construction of a methanol plant which would produce some 850,000 tonnes of methanol per year.

For the Pulau Muara Besar global deep sea port project, the BEDB has launched a marketing campaign to secure the right partners to develop a world-class container trans-shipment hub port. Other projects in the pipeline include an aluminum smelter plant, a fertilizer manufacturing plant and the development of an SME Innovation Centre. The SME Innovation Centre is scheduled for completion by July 2006 and it will have facilities and mentoring programs for 21 local and joint-venture IT companies.

Opportunities

There will be potential spinoff opportunities following the development of the ammonia, urea and methanol plants, the aluminum smelter plant as well as the deep sea port.

Some sectors which may be of particular interest to Canadian companies include power and energy (1,000-megawatt power station construction), environment (water treatment plant and land reclamation), building and construction, human resource development, transportation and ICT.

For more information, contact the Canadian High Commission in Brunei Darussalam, tel.: (011-673) 222-0043, fax: (011-673) 222-5422, email: bsbgn@international.gc.ca, website: www.brunei.gc.ca.

Cityscape 2006 is one hot property for developers

Dubai, United Arab Emirates, December 4-6, 2006 > Over the past two years, Cityscape—the international property investment and development event—has featured Canadian engineering and architectural capabilities.

For Canadian firms in this sector that want to expand or develop a new market in the Middle East, this is *the* event. With the construction sector in the Middle East valued at over $270 billion, many opportunities exist. Canadian companies like Cansult, Crang & Boake, HOK, NORR and Zas Architects have all had success in the region.

According to Phil Jones, Vice President of HOK Canada, "There is no exhibition like it in the world that brings developers, investors and consultants together in one forum. If you are going to participate in this market, you need to be here."

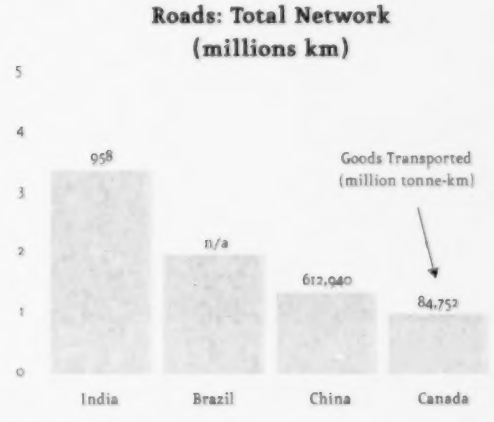
More than 23,000 participants and 280 international exhibitors from 85 countries convened at last year's event. These numbers represent the impressive growth of the show; participation increased by 220% and the exhibition space grew by 150% over 2004. Over $30 billion of business was conducted throughout the three-day event and much more is underway, making Cityscape a leading platform for the construction industry.

Again this year, Ontario Exports is hosting the Canadian pavilion, which is open to firms in the engineering and architectural services sector.

For more information, contact Venky Rao, Overseas Representative for the Show Organizer, email: venkyrao@rogers.com, or Al Hinton, Ontario Exports, email: al.hinton@edt.gov.on.ca, website: www.cityscape-online.com. Booth space is reserved on a first-come, first-served basis.

India's infrastructure may slow growth

As India develops, it needs to move goods and people both inside and outside the country. It has the world's third-largest rail network, as of 2000, but it is plagued by poor safety, low productivity and investment, and under-pricing. India also transports far fewer goods and people via air than other emerging markets. And similarly, while India has over 3 million kilometres of roads—much more than Brazil, China, or Canada—they are ill-maintained, with only 46% paved. Very few goods are transported on these roads, despite their abundance. The state of India's infrastructure might impede its growth, as companies planning to expand there find that the infrastructure required is not adequate.



Provided by the Current and Structural Analysis Division, Office of the Chief Economist. (www.international.gc.ca/eet)

TRADE EVENTS

AGRICULTURE, FOOD & BEVERAGE

New York, New York
July 9-11, 2006
The **Summer Fancy Food Show** is one of the largest specialty food trade shows in the U.S., attracting over 30,000 visitors and some 2,000 exhibitors from around the world. This year, exporters can exhibit with the Canadian pavilion organised by Agriculture and Agri-food Canada.
Contact: Régine Clément, Canadian Consulate General in New York, tel.: (212) 596-1650, fax: (212) 596-1793, email: cngny-td@international.gc.ca, website: www.newyork.gc.ca.

Chandigarh, India
December 1-4, 2006
Agrotech 2006, India's premier biennial agri-food fair, will focus on the burgeoning food processing industry in India.
Contact: Gurbans Sobti, Canadian Consulate General in Chandigarh, tel.: (011-91-172) 5050-300, email: gurbans.sobti@international.gc.ca, website: www.agrotech-india.com.

ICT

Chiba, Japan
August 30- September 1, 2006
The **Jaima Show** is Japan's analytical instruments and solutions exposition—the only event in Japan to showcase all analytical-related technologies—and is expected to attract 20,000 visitors with over 900 booths.
Contact: Leslie Gill, Canadian Embassy in Japan, tel.: (011-81-3) 5421-6200, email: jpn.commerce@international.gc.ca, website: www.jaima.or.jp.

Buenos Aires, Argentina
September 19-22, 2006
Expo Comm Argentina is the leading IT fair in South America where more than 24,000 Argentine and international companies in the telecommunication and information technology industries gather.
Contact: Barbara Brito, Canadian Embassy in Argentina, tel.: (011-54-11) 4808-1000, fax: (011-54-11) 4808-1111, email: bairs-commerce@international.gc.ca, website: www.expocomm.com.ar.

INSURANCE SERVICES

Bandar Seri Begawan, Brunei Darussalam
July 30-August 2, 2006
The **East Asian Insurance Congress** will focus on growth and profitability and provide a forum to address critical issues facing the insurance industry. Companies may wish to attend the conference and/or be part of the trade fair.
Contact: Peter Chen, Foreign Affairs and International Trade Canada, tel.: (011-673) 222-0043, email: peter.chen@international.gc.ca, website: www.eaic2006bsb.com.bn.

MULTI-SECTOR

Budapest, Hungary
September 9-17, 2006
The **Budapest International Fair** is a multi-sector event where more than 100,000 visitors are expected. This year's theme is 'Establishing a Home.'
Contact: Krisztina Molnar, Canadian Embassy in Hungary, tel.: (011-36-1) 392-3360, fax: (011-36-1) 392-3390, email: krisztina.molnar@international.gc.ca, website: www.bnv.hu.

Santa Cruz, Bolivia
September 22-October 1, 2006
Expocruz 2006 is the best way to promote, present and display your products to the expanding South American market. This fair is the largest international multi-sector trade fair in Bolivia with over 2,000 exhibitors expected to participate.
Contact: Fexpocruz, Feria internacional de Santa Cruz, tel.: (011-591-3) 353-3535, fax: (011-591-3) 353-0888, email: feria@fexpocruz.com.bo, website: www.fexpocruz.com.bo.

Budapest, Hungary
October 9-12, 2006
Central and Eastern European Rail 2006 is the perfect setting for senior executives from the region's rail operators, infrastructure managers, regulators and governments to discuss current initiatives and plan future developments.
Contact: Krisztina Molnar, Canadian Embassy in Hungary, tel.: (011-36-1) 392-3360, fax: (011-36-1) 392-3390, email: krisztina.molnar@international.gc.ca, website: www.rail-world.com.

Munich, Germany
October 23-25, 2006
Expo Real 2006, the most important annual meeting for the property industry, is the perfect networking platform to interact with real estate professionals from around the world. The event attracts key international specialists, players and decision makers in this industry.
Contact: Canada Unlimited Inc., tel.: (416) 237-9939, fax.: (416) 237-9920, website: www.canada-unlimited.com.

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